



DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9515]

RIN 1545-BH20

Guidance Under Section 1502; Amendment of Matching Rule for Certain Gains on Member Stock; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document contains a correction to Treasury Decision 9515, which was published in the Federal Register for Friday, March 4, 2011. Treasury Decision 9515 issued final and temporary regulations relating to the redetermination of intercompany gain as excluded from gross income in certain transactions involving stock transfers between members of a consolidated group. Treasury Decision 9515 was corrected on March 31, 2011; however, the corrections included an erroneous amendatory instruction that incorrectly removed two paragraphs from the Code of Federal Regulations. This document restores the two removed paragraphs.

DATES: This correction is effective on [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER] and is applicable on March 4, 2011.

FOR FURTHER INFORMATION CONTACT: Jeremy Aron-Dine at (202) 317-6847 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations (TD 9515) that are the subject of this correction are under section 1502 of the Code. Treasury Decision 9515 was corrected at 76 CFR 17781; however, the correction included an erroneous amendatory instruction. The instruction

was intended to revise only the introductory text of § 1.1502-13(c)(6)(ii)(D)(1), but it inadvertently removed § 1.1502-13(c)(6)(ii)(D)(1)(i) and (ii). This correction restores the two deleted paragraphs as they existed prior to the correcting amendment.

Need for Correction

As published March 4, 2011 (76 CFR 11956), the final regulations (TD 9515, FR Doc. 2011-4846) contain errors that needed to be corrected. Treasury Decision 9515 was corrected at 76 FR 17781, March 31, 2011; however, the correcting amendment contained an erroneous amendatory instruction, and two paragraphs (26 CFR 1.1502-13(c)(6)(ii)(D)(1)(i) and (ii)) were incorrectly removed from the Code of Federal Regulations.

Applicability of Correction

Generally, the amendments to TD 9515 apply with respect to items taken into account on or after March 4, 2011. Section 1.1502-13(c)(6)(ii)(D), the regulatory provision corrected in this amendment, only applies to taxpayers that receive a determination from the Commissioner in the form of a private letter ruling. Taxpayers and the Internal Revenue Service have consistently applied § 1.1502-13(c)(6)(ii)(D) as if the incorrectly deleted paragraphs had not been deleted.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Correction of Publication

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendment:

PART 1--INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

* * * * *

Section 1.1502-13 is also issued under 26 U.S.C. 1502.

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Par. 2. Section 1.1502-13 is amended by adding paragraphs (c)(6)(ii)(D)(1)(i) and (ii) to read as follows:

§1.1502-13 Intercompany transactions.

* * * * *

(c) * * *

(6) * * *

(ii) * * *

(D) * * *

(1) * * *

(i) In the case of an intercompany item of income, the corresponding item is permanently disallowed; or

(ii) If the intercompany item constitutes gain, the conditions described in paragraphs (c)(6)(ii)(C)(1)(iv) and (c)(6)(ii)(C)(1)(v) of this section are satisfied.

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Oluwafunmilayo A. Taylor

Chief, Publications and Regulations Branch,

Associate Chief Counsel

(Procedure and Administration).